



## AGENDA ITEM SUMMARY

City Council

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### STAFF

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Sue Beck-Ferkiss, Social Policy and Housing Programs Manager  
Vanessa Fenley, Senior Housing Manager

### SUBJECT

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**Resolution 2026-077 Authorizing the Assignment of the City's 2026 Private Activity Bond Allocation to Housing Catalyst and the Colorado Housing and Finance Authority to Finance the Rehabilitation and Construction of Affordable Housing Units.**

### EXECUTIVE SUMMARY

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The purpose of this item is to support the rehabilitation of Country Ranch Apartments and new construction of Bristlecone Affordable, both affordable rental housing in the City, by assigning half the City's 2026 Allocation of Private Activity Bond (PAB) capacity to qualified issuers for each project. PAB capacity is required for development projects using 4% Low-Income Housing Tax Credit financing.

### STAFF RECOMMENDATION

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Staff recommends adoption of the Resolution.

### BACKGROUND / DISCUSSION

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**Background and history:** The State of Colorado Private Activity Bond (PAB) allocation program is established by the Colorado Private Activity Bond Ceiling Allocation Act, Colorado Revised Statutes Section 24-32-1701, et seq., (the Allocation Act). PABs are tax-exempt bonds that can be issued by eligible authorities. The City has bonding authority but prefers to assign the PAB allocation and not to be a bond issuer. Once allocated to another bond issuer, the PAB capacity can be carried over for up to three (3) years. Often PAB capacity must be built up over several years to meet the needs of the local pipeline of projects. Both Housing Catalyst and the Colorado Housing and Finance Authority are eligible issuers.

The proceeds of the sale of the bonds must be used for specific purposes as determined by the federal Internal Revenue Service. Permitted purposes include, but are not limited to, affordable housing development and rehabilitation, which is the City's prioritized use. Historically, the City has also used PAB financing for economic and industrial development purposes.

In 2026, the total PAB capacity amount available statewide is \$811,695,735. Fifty percent of the state ceiling is allocated directly to statewide authorities, and the other half is allocated directly to local governments based on population size. The City has been notified that, pursuant to Section 24-32-1706 of the Allocation Act, its allocation from the state for 2026 is \$11,748,935 (**Attachment 1**).

PAB capacity is merely the authority to take on tax exempt debt and is not an allocation of funding. The City will not incur debt by assigning this allocation and this will not affect the City's credit rating. If a local government does not issue bonds or assign the bond cap to an eligible entity for a local project or projects

by September 15 annually, the City allocation automatically reverts to the State’s pool of available bond capacity.

The Colorado Housing and Finance Authority (CHFA) offers a 4% Low Income Tax Credit Program which is a financing mechanism for the development and rehabilitation of affordable housing. CHFA requires these types of financing deals to include private activity bonds. Historically, Fort Collins had assigned its annual allocation on a first-come, first-served basis. From 2009 through 2012, the Fort Collins’ allocation was not used locally and therefore reverted to the State’s pool of available bond capacity. Since 2013, the City has assigned its full allocation to Housing Catalyst (the Fort Collins Housing Authority) and/or to CHFA for the rehabilitation or construction of affordable rental housing units within City limits. Both of these entities are qualified bond issuers.

**Application process:** In 2018, the City implemented an application process for requesting the City’s annual allocation of PAB. The guidelines are set forth in the City’s General Financial Policies. Applications are due annually by March 15 and are reviewed by the City PAB Committee, made up of staff from Economic Health, Financial Services and Housing and Community Vitality. The policy states that the following factors be considered when making a recommendation for allocating PAB capacity:

- How well the project meets the land use, economic development and/or affordable housing goals of the City;
- Project feasibility and timing;
- Leverage of other investment into the project;
- Maintenance of or increase in local tax base;
- Competing uses for the City’s allocation;
- Whether the City’s allocation should be used in multiple projects; and
- Whether the application should be considered by any City board or commission.

**Current requests:** This year the City received two (2) requests (**attached**) each for half the available PAB capacity which are summarized as follows:

Applicants	Project	Location	Amount requested
April Housing	Country Ranch Apartments	Fort Collins	\$5,874,467.50
Featherstone/Hendricks	Bristlecone Affordable	Fort Collins	\$5,874,467.50
<b>Total Requests</b>			<b>\$11,748,935</b>
Available PAB Cap			\$11,748,935

April Housing seeks half the City’s 2026 PAB allocation for the rehabilitation of 118 apartment homes at Country Ranch Apartments located at 2921 Timberwood Drive. See Location Map attached. These one and two-bedroom apartments serve households with incomes at 60% area median income (AMI). April Housing plans to use Housing Catalyst as the issuer for these bonds.

The other request from Featherstone Development and Hendricks Communities is also for half the City’s 2026 PAB allocation. It is for new construction of Bristlecone Affordable which will be approximately 126

apartment homes for households earning between 50 and 70% AMI. It will be located on the south side of Bristlecone Drive in the North College Neighborhood. See Location Map attached. This project plans to use CHFA to issue bonds. CHFA will issue the bonds to MJT Properties, Inc.

Both projects intend to apply for 4% tax credits in 2026.

### **City PAB Committee's considerations**

The City's PAB Committee, made up of staff representatives from Economic Health, Financial Services, and Housing and Community Vitality departments, met and considered the following:

- The Committee decided that local projects are a City priority.
- The Committee considered using the 2026 allocation in multiple projects.
- The Committee considered project feasibility and timing.
- The Committee considered the completeness of the information provided.
- Lastly, the Committee decided to bring recommendations to the Affordable Housing Board for a recommendation.

### **City PAB Committee's Recommendations**

Since both applications were complete and for local projects, the PAB Committee recommends approving both applications and providing half the 2026 PAB allocation to each project (see Applicant Award Letter attached).

Council must adopt a resolution assigning the 2026 PAB Allocation to Housing Catalyst and CHFA to allow issuance of bonds for these qualifying projects. Additionally, the City will enter into Assignment of Allocation Agreements with the issuers to complete the transaction.

### **CITY FINANCIAL IMPACTS**

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The City will not issue Private Activity Bonds and the bonds will not be the obligations of the City. The debt service on the bonds will be repaid from revenue generated by the housing developments and does not constitute a debt of the City. This action will not affect the City's credit rating. The renovation project and the new construction project will require goods and labor which will benefit the local economy.

### **BOARD / COMMISSION / COMMITTEE RECOMMENDATION**

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The Affordable Housing Board considered this request at its May 7, 2026, meeting and supports the PAB Committee's recommendation.

### **PUBLIC OUTREACH**

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The Affordable Housing Board heard this matter at their hybrid May 7, 2026, meeting which was open to the public. The process to request PAB capacity is detailed in the guidelines set forth in the City's General Financial Policies.

### **ATTACHMENTS**

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1. City Allocation Letter
2. April Housing Request
3. Featherstone/Hendricks Request
4. Country Ranch Location Map
5. Bristlecone Affordable Location Map
6. Applicant Award Letter

7. Affordable Housing Board Meeting Minutes, May 7, 2026 (draft)
8. Presentation
9. Resolution 2026-077